

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 257410
ORIGIN ARA-14

INFO OCT-01 EB-08 H-01 TRSE-00 COME-00 MMO-01 ISO-00
/025 R

DRAFTED BY ARA/ECP:LPETERS
APPROVED BY ARA/ECP:SHROGERS
EB/OT/GCP: JSLATTERY
ARA/PPC: MMAHONEY
EB/IFD/OMA: BCROWE (INFO)
-----120264 290302Z /63
R 271820Z OCT 77
FM SECSTATE WASHDC
TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

LIMITED OFFICIAL USE STATE 257410

E.O. 11652:N/A

TAGS: ECON

SUBJECT: PROGRESS ON TAX LEGISLATION: CUSTOMS REFORM ACT

1. ON OCTOBER 17 HOUSE PASSED A BILL TO PROVIDE CUSTOMS PROCEDURAL REFORM. COMPLETE TEXT APPEARS IN OCTOBER 17 CONGRESSIONAL RECORD BEGINNING ON H11078.
2. BILL INCLUDES PROVISION FOR INCREASING DUTY-FREE EX-EMPTION FOR U.S. RESIDENTS RETURNING FROM ABROAD FROM 100 DOLLARS TO 250 DOLLARS. IN ADDITION BILL PROVIDES FOR A FLAT DUTY RATE OF 10 PERCENT ON THE NEXT 600 DOLLARS WORTH OF MERCHANDISE IMPORTED BY RETURNING RESIDENTS.
3. WHILE THE INCREASE IN THE DUTY FREE ALLOWANCE SHOULD BE OF BENEFIT TO THOSE COUNTRIES INTERESTED IN PROMOTING TOURIST SALES, THE EFFECT OF THE 10 PERCENT FLAT RATE IS

LIMITED OFFICIAL USE

PAGE 02 STATE 257410

LESS CLEAR. STUDIES HAVE GENERALLY INDICATED THAT THE AVERAGE TARIFF RATE ON ITEMS IMPORTED BY TOURISTS IS SLIGHTLY OVER 10 PERCENT. AT THE SAME TIME THE BILL AS PASSED DOES NOT REPEAT NOT CONTAIN AN OPTIONS CLAUSE ALLOWING THE TOURIST TO ELECT A LOWER DUTY SHOULD ONE EXIST. THE 10 PERCENT FLAT RATE WILL APPLY TO ALL ITEMS EXCEPT THOSE ON WHICH THERE IS NO DUTY. THOSE ITEMS ELIGIBLE FOR DUTY FREE

ENTRY UNDER GSP WOULD CONTINUE TO BE ELIGIBLE FOR DUTY
FREE ENTRY.

4. THE BILL WILL BE FORWARDED TO THE SENATE FOR ACTION
DURING THE COMING SESSION.

5. FOR CARIBBEAN POSTS AND MEXICO. WE DO NOT THINK THERE
IS LIKELIHOOD OF ACTION WITH RESPECT TO THE FOREIGN CON-
VENTION PROVISIONS OF THE TAX ACT UNTIL AN OVERALL PACKAGE
WITH RESPECT TO TAX REFORM CAN BE INTRODUCED. WE WILL
SEEK, THEREFORE, TO KEEP YOU APPRAISED OF PROGRESS ON THE
CUSTOMS BILL AS IT IS THE ONLY PIECE OF LEGISLATION RELE-
VANT TO THE TOURISM INTERESTS OF THE REGION WHICH APPEARS
TO BE PROGRESSING THROUGH THE CONGRESS. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX LAW, CUSTOMS DUTIES, TAX REFORMS
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE257410
Document Source: CORE
Document Unique ID: 00
Drafter: LPETERS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770397-1216
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771014/aaaaalob.tel
Line Count: 77
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b05c0426-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05-Apr-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 766134
Secure: OPEN
Status: NATIVE
Subject: PROGRESS ON TAX LEGISLATION: CUSTOMS REFORM ACT
TAGS: ECON, EFIN, US
To: ALL POSTS
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b05c0426-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009